

Town of Frederick Board of Trustees



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AM 2009-092

To Consider an Ordinance to Amend the Chapter 13 of the Frederick Municipal Code Regarding the Collection of Impact Fees

Agenda Date: September 22, 2009

Attachments:

- a. Sample residential building permit
- b. Ordinance to update applicable sections of Municipal Code Chapter 13

Fiscal Note: Provided Fiscal Note

Marcia L. Simon
Finance Director

Submitted by: Jason Overholt RZ
Chief Building Official

Approved for Presentation: David Todd by 17
Town Administrator

AV Use Anticipated Projector _____ Laptop _____

Certification of Board Approval:

Town Clerk

Date

Summary Statement:

The Board of Trustees directed staff at its meeting held September 8, 2009, to present an ordinance identifying the portions of the Municipal Code that could be amended to allow a portion of the building permit fees to be collected at the time a final inspection is requested.

Detail of Issue/Request:

A local builder recently approached a Town staff member and asked if it would be possible for the Town to defer the collection of building permit fees. The builder stated that this would help them get

financing and create a Town advantage when builders considered which community to build in. The question was then discussed by the Planning Director, Town Engineer, Chief Building Official, and Finance Director.

In general, it is possible to collect a portion of the building permit fees when the permit is issued and then collect the remaining fees later in the process. Consider the attached residential permit. The builder of this home had to pay \$23,076.59 before the permit would be issued. The attached resolution and ordinance would amend the Municipal Code to allow staff to collect the impact fees at the time the final inspection is requested. The following tables identify the fees that would be paid prior to building permit issuance and prior to final inspection completion.

Paid at time Building Permit issued	
Permit Fee	\$1,861.75
Plan Review	\$1,210.14
Construction Meter	\$37.00
Electrical	\$83.95
TOTAL DUE	\$3,192.84

Paid at time Final Inspection requested	
Water Tap Fees	
C-BT Water Share	
Tap installation	\$750.00
Improvement fees:	
CWCW Capital	\$10,000.00
Frederick Capital	\$1,000.00
Impact fees:	
General Capital	\$1,500.00
Electrical	\$250.00
Park Improvement	\$1,000.00
Open Space	\$500.00
Transportation	\$1,456.00
Drainage	\$250.00
Sales and Use Tax	\$3,177.75
TOTAL DUE	\$19,883.75

It is important to note that, although collected later in the process, the fees are still being collected.

In order to make these changes, updated language in the Municipal Utilities chapter would be necessary. Currently, there are references to the fees for water, electric, and storm drainage being collected at the time of building permit. The attached ordinance provides options for the Board to consider in amending the appropriate portions of the Code to make this change.

Our recently developed building permit software, along with currently instituted internal policies, should help to ensure the tracking and collection of these fees.

Legal/Political Considerations:

Collecting the fees prior to the Final Inspection may provide the control necessary to get the fees paid. I recommend that the Board consider requiring the permittee/owner to execute a financial guarantee, e.g., Notice of Obligation, to be recorded on the property to insure collection, put a new purchaser on notice of the outstanding impact fees, and to provide a mechanism for collection if the property is sold and the new purchaser is unaware that additional fees need to be paid.

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Alternatives/Options:

The Board of Trustees may choose to approve, deny, or approve with amendments the attached resolution and ordinance.

Financial Considerations:

Entries into the General Ledger would be required as a way to track the unpaid balances or “assets” as an account receivable.

Staff Recommendation:

Staff recommends that the Board of Trustees select one of the options presented in the proposed ordinance and approve the attached ordinance with the selected option.